

CONNECTICUT HOUSING FINANCE AUTHORITY

Timothy F. Bannon
President

May 29, 2009

Marcia Sigal
Director
Program Policy Division
Office of Affordable Housing Programs
Community Planning Division
U.S. Department of Housing and Urban Development
451 7th Street S.W. Room 7164
Washington D.C. 20410

RE: Connecticut Housing Finance Authority
Tax Credit Assistance Program (TCAP) Submission Requirements
In response to CPD-09-03

Dear Ms. Sigal:

I am pleased to transmit the Submission Requirement Packet of the Connecticut Housing Finance Authority ("CHFA") for the Tax Credit Assistance Program ("TCAP") as required by Department of Housing and Urban Development Notice CPD-09-03.

CHFA shares the Department of Housing and Urban Development's priority to expedite the expenditure of these funds for this critical purpose. Readiness of applicants to proceed to development is the core focus of the approach we propose in this submission.

CHFA looks forward to working with the Department of Housing and Urban Development to expedite the implementation of this critical program to spur the development of affordable rental housing and support economic recovery.

Sincerely,



Timothy F. Bannon



***SUBMISSION
OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY
IN RESPONSE TO
HUD NOTICE CPD-09-03 ON IMPLEMENTATION OF
THE TAX CREDIT ASSISTANCE PROGRAM (TCAP)***

Part A - Submission Requirements

Intent of CHFA

The Connecticut Housing Finance Authority (CHFA) intends to accept the full amount of Tax Credit Assistance Program (TCAP) funds allocated to it under the American Recovery and Reinvestment Act of 2009. The Website of the Department of Housing and Urban Development (HUD) currently indicates this amount at \$26,170,888.

Other Federal Grant Funds Administered by CHFA

CHFA is a direct grantee of HUD funded to provide Comprehensive Counseling for homeownership under the Department's housing counseling program. These funds provide home purchase and delinquency counseling services for prospective homebuyers and homeowners statewide. CHFA contracts for these services through local housing counseling agencies.

CHFA is a grantee of the Neighborhood Reinvestment Corporation (NRC) under the National Foreclosure Mitigation Counseling program for 2009. The purpose of this program is to provide housing counseling services to distressed or delinquent homeowners that may be in danger of losing their home to foreclosure. CHFA makes sub-awards of these funds to other housing counseling organizations in Connecticut to achieve the purposes of this program.

CHFA administers project-based Section 8 Housing Assistance Payment (HAP) contracts on 80 rental housing developments for which CHFA is also the mortgagee.

Status Of The 2009 Low Income Housing Tax Credit Allocation Process Administered By CHFA

9 Percent Low Income Housing Tax Credit Program

The application deadline for 2009 "9 Percent" Low Income Housing Tax Credits was April 15, 2009.

By that date CHFA had received 26 applications requesting a total of approximately \$37 million in annual credit amount.

As of April 15, 2009 CHFA had a total of approximately \$ 8 million in 2009 credits available to allocate to these applications.

The applications received on April 15, 2009 are currently being processed in the customary manner subject to Connecticut's Low Income Housing Tax Credit Qualified Allocation Plan (QAP).

Review of applications is proceeding. Underwriting, scoring, rating and ranking will be complete to enable review and consideration by the CHFA Board of Directors in open public session in July/August of 2009.

4 Percent Low Income Housing Tax Credits

Tax-exempt private activity bond financing for multifamily rental housing development and their associated 4 Percent Low Income Housing Tax Credits are allocated by CHFA subject to a public Notice of Funding Availability (NOFA).

CHFA published NOFAs in June of 2008 and March of 2009 and is currently processing a total of 8 applications for mortgage financing with an estimated \$5 million in annual 4 Percent annual credit amount. When each request for mortgage commitment has progressed sufficiently through the underwriting and review process such request is presented to CHFA's Board for review and consideration in an open public meeting.

Designated Agency Contact Person

Michael J. Ward
Administrator for Planning & Budget
Connecticut Housing Finance Authority
999 West Street
Rocky Hill, CT 06067
Tel. 860.571.4216
Fax. 860.257.8614
E-mail: michael.ward@chfa.org

Part B – Description of the Competitive Selection Criteria and Process To Be Used By CHFA to Competitively Award TCAP Funds

The American Recovery and Reinvestment Act (ARRA) requires that Tax Credit Assistance Program (TCAP) funds be distributed “competitively” and “pursuant to their (state’s) qualified allocation plan”. Competition for TCAP funds is limited to developments that have received, or will simultaneously with TCAP funding receive, a Low Income Housing Tax Credit (LIHTC) award between October 1, 2006 and September 30, 2009.

For the purposes of distributing TCAP funds CHFA will define “an award of Low Income Housing Tax Credits” as follows:

- In the case of “9 Percent” Low Income Housing Tax Credits an award will have been made by CHFA on the date that the Board of Directors of CHFA authorized a reservation of Low Income Housing Tax Credits for the Applicant.

- In the case of “4 Percent” Low Income Housing Tax Credits CHFA an award of Low Income Housing Tax Credits will have been made by CHFA on the date that the Board of Directors of CHFA authorized a mortgage commitment for the applicant, such mortgage commitment to be financed through the issuance of tax-exempt private activity bonds enabling the use of Low Income Housing Tax Credits by the Applicant.

The Notice indicates that “state housing credit agencies are required to give priority to eligible projects that are expected to be completed within three years of the enactment of ARRA (February 16, 2012). Consequently, this standard must be the main selection criterion of any TCAP competition”. This places primary importance on establishing priority for developments that can be placed in service to meet this basic deadline.

ARRA also establishes several interim deadlines for the expenditure of funds as well and applies several “cross-cutting” program requirements for environmental review, competitive wages, accessibility and other requirements to developments receiving TCAP funding. These requirements place additional importance on establishing high priority for developments that can meet these deadlines and federal requirements while also meeting the February 16, 2012 completion deadline. The selection criteria proposed here focus exclusively on factors governing readiness to proceed and compliance with these federal requirements.

To assure and expedite the use of TCAP funds CHFA will allocate these funds on a priority basis to eligible applicants in coordination with other resources that may be made available through ARRA.

Selection Criteria

Therefore, CHFA, as the grantee for Connecticut, proposes to establish priority for, and allocate TCAP funds to, those developments that received awards of Low Income Housing Tax Credits from CHFA in 2007 and 2008 as well as those to be considered in 2009 based on the results of a Readiness to Proceed Survey completed by the applicant to determine those that have the greatest likelihood of being completed by February 16, 2012.

The order of priority for the allocation of TCAP funds will be to applicants awarded “9 Percent” tax credits, and those approved for tax-exempt private activity bond funded mortgages and associated “4 Percent” tax credits as follows.

Awardees of 2007 and 2008 tax credits that have since successfully syndicated their tax credits are not eligible for TCAP funding.

Contract Drawings Completed 20 points additional

(Based on certification of the project architect)

Construction Contract Status: contract executed

Yes: 20 points

No: 0 points

Required Permit Approval Status: as follows

Up to 20 points in proportional percentage of the current permit approvals of all required permit approvals.

List all approvals required and submit evidence of approval.

Demonstrated or Pursuing Compliance with TCAP Federal Program

Requirements: by virtue of application for other federal resources or otherwise, as follows:

	<u>Demonstrated/Pursuing</u>
National Environment Policy Act Approval	20/10 points
Section 504 of the Rehabilitation Act of 1973 (Architect Certification)	20/10 points
Davis-Bacon prevailing wages	20/10 points

Any tie in total scoring will be decided by using the developments' score under the QAP.

Allocation Process

CHFA will use the following process to allocate TCAP funds to meet the deadlines for expenditure established in ARRA.

- 1) Priority for commitment of TCAP funds will be granted to those developments approved for reservations of Low Income Housing Tax Credits in 2007 and 2008 and are ready to proceed to closing and construction but have stalled due to an inability to raise sufficient private equity funding.

Recipients of 2007 and 2008 Low Income Housing Tax Credits awards will be required to complete a Readiness to Proceed Survey to determine their readiness to proceed to construction and comply with federal program requirements as previously indicated.

- Developments will be ranked in accordance with their indicated readiness to proceed based on the results of the Readiness to Proceed Survey.

- TCAP funding will be allocated based upon readiness to proceed until funding requirements are met or TCAP funds are depleted.
- 2) Remaining TCAP funds will be made available to fund applications for the 2009 “9 Percent” tax credit round and to 2009 approved applicants for tax-exempt bond financing and associated “4 Percent” Low Income Housing Tax Credits.

Applicants for 2009 “9 Percent” Low Income Housing Tax Credits will be required to complete a Readiness to Proceed Survey to determine their readiness to proceed to construction and comply with federal program requirements as previously indicated.

- Developments will be ranked in accordance with their indicated readiness to proceed based on the results of the Readiness to Proceed Survey.
 - TCAP funding will be allocated based upon readiness to proceed until funding requirements are met or TCAP funds are depleted.
- 3) TCAP awardees will commit to a development funding plan, acceptable to CHFA confirming that:
- a) development of the qualified rental property will be constructed and placed in service in accordance with the February 16, 2012 deadline established in the Act; and
 - b) the expenditure of TCAP funds will meet the requirement that 75 percent of TCAP funding be expended by February 16, 2011 and 100 percent by February 16, 2012.
 - c) development owners will be required to file a monthly report providing confirmation of progress toward meeting these expenditure deadlines.

Part C – Commitment & Expenditure Deadlines

CHFA anticipates processing applications for TCAP funding upon the execution of its Funding Agreement with the Department of Housing and Urban Development.

CHFA will use the following procedures to ensure the commitment and expenditure of TCAP funds in accordance with the deadlines established in ARRA.

- 1) Priority for commitment of TCAP funds will be granted to those developments approved for reservations of low income housing tax credits in 2007 and 2008 and are ready to proceed to closing and construction but have stalled due to an inability to raise sufficient private equity funding.

Recipients of 2007 and 2008 Low Income Housing Tax Credits awards will be required to complete a Readiness to Proceed Survey to determine their readiness to proceed to construction and comply with Federal program requirements as previously indicated.

- Developments will be ranked in accordance with their indicated readiness to proceed based on the results of the Readiness to Proceed Survey.
 - TCAP funding will be allocated based upon readiness to proceed until funding requirements are met or TCAP funds are depleted.
- 2) Remaining TCAP funds will be made available to fund applications for the 2009 9 Percent Low Income Housing Tax Credit Round and to 2009 approved applicants for tax-exempt bond financing and associated 4 Percent Low Income Housing Tax Credits.

Applicants for 2009 9 Percent and 4 Percent Low Income Housing Tax Credits will be required to complete a Readiness to Proceed Survey to determine their readiness to proceed to construction and comply with Federal program requirements as previously indicated.

- Developments will be ranked in accordance with their indicated readiness to proceed based on the results of the Readiness to Proceed Survey.
 - TCAP funding will be allocated based upon readiness to proceed until funding requirements are met or TCAP funds are depleted.
- 3) TCAP awardees will commit to a development funding plan including interim progress milestones, acceptable to CHFA confirming that:
- a) development of the qualified rental property will be constructed and placed in service in accordance with the February 16, 2012 deadline established in the Act; and
 - b) the expenditure of TCAP funds will meet the requirement that 75 percent of TCAP funding be expended by February 16, 2011 and 100 percent by February 16, 2012.
 - c) owners will be required to file a monthly report providing confirmation of progress toward meeting expenditure milestones and deadlines, including a remedial plan of action to address failure to meet any interim milestones established for the timely commencement of development and expenditure of funds.
- 4) In accordance with Notice CPD-09-03 each development owner will be required to execute a written agreement with CHFA setting forth program requirements

and enforcement of these requirements. Owners will be required to meet expenditure deadlines as a condition for maintaining their TCAP funding, including interim processing milestones ensuring the timely commencement of development and expenditure.

- 5) CHFA will track and report to HUD on the progress of its awardees on a regular basis in IDIS or otherwise as may be required by HUD and ARRA.
- 6) Projects that fail to commence in time to meet their development funding plan for compliance with Federal deadlines for expenditure and completion will have their funds rescinded for redistribution to developments that can meet the deadline.

Part D - Accountability And Transparency

CHFA will at all times administer and manage TCAP funding in an accountable and transparent manner in accordance with ARRA and all other applicable reporting requirements.

To assure such transparency and accountability CHFA will regularly update its website to include the following:

- A description of its proposed competitive selection criteria for awarding TCAP funds to eligible developments that will be incorporated as a part of the posted standard program materials upon adoption.
- Notice and materials for the public comment period on CHFA's proposed TCAP project selection criteria was held the week of May18, 2009.
- All notices, applications and written guidance used by CHFA in administering TCAP funding.
- All Quarterly Reports of TCAP funding activity as required by Notice CPD 09-03 in the form required to include for each project:
 1. Total amount of TCAP funds received
 2. Amount of TCAP funds expended or obligated, and
 3. A detailed list of all projects for which TCAP funds were expended including the name of the project, a description of the project, an evaluation of completion status and the estimated number of jobs created or retained by the project.

CHFA's ARRA Website providing all current information and guidance can be found at <http://www.chfa.org/MainPages/AmericanRecoveryActWebsite.pdf>.

CHFA will implement additional transparency and accountability measures as may be determined advisable in its determination or as required by HUD.

Part E– Additional Elements

- Standard Form 424: a completed Form 424 is attached to this submission as Appendix A.
- DUNS #: CHFA's DUNS # is 08-334-0695
- Central Contractor Registration (CCR): CHFA is established in CCR under the above DUNS #.
- Transmittal Letter: the required transmittal letter is provided as cover to this submission package.

APPENDIX A

FORM SF-424

Application for Federal Assistance SF-424

Version 02

*1. Type of Submission:

- Preapplication
- Application
- Changed/Corrected Application

*2. Type of Application * If Revision, select appropriate letter(s)

- New
 - Continuation
 - Revision
- *Other (Specify) _____

3. Date Received:

4. Applicant Identifier:

5a. Federal Entity Identifier:

NA

*5b. Federal Award Identifier:

NA

State Use Only:

6. Date Received by State:

7. State Application Identifier:

8. APPLICANT INFORMATION:

*a. Legal Name: Connecticut Housing Finance Authority

*b. Employer/Taxpayer Identification Number (EIN/TIN):

06-1267528

*c. Organizational DUNS:

08--334-0695

d. Address:

*Street 1: 999 West Street

Street 2: _____

*City: Rocky Hill

County: Hartford

*State: Connecticut

Province: _____

*Country: United States of America

*Zip / Postal Code 06067

e. Organizational Unit:

Department Name:

Multifamily Housing

Division Name:

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Mr. *First Name: Michael

Middle Name: J.

*Last Name: Ward

Suffix: _____

Title: Administrator

Organizational Affiliation:

Connecticut Housing Finance Authority

*Telephone Number: 860-571-4216

Fax Number: 860-571-8614

*Email: michael.ward@chfa.org

Application for Federal Assistance SF-424

Version 02

***9. Type of Applicant 1: Select Applicant Type:**

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*Other (Specify)

Quasi-Public State Housing Finance Agency - Housing Credit Allocating Agency

***10 Name of Federal Agency:**

- Department of Housing and Urban Development

11. Catalog of Federal Domestic Assistance Number:

14.258 _____

CFDA Title:

Tax Credit Assistance Program _____

***12 Funding Opportunity Number:**

CPD Notice 09-03 _____

*Title:

Implementation of Tax Credit Assistance Program _____

13. Competition Identification Number:

NA _____

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

State

***15. Descriptive Title of Applicant's Project:**

Implementation of the Tax Credit Assistance Program in Connecticut; funds to be available to developments statewide that were awarded Low Income Housing Tax Credits in 2007, 2008 and 2009. Specific awardees to be determined.

Application for Federal Assistance SF-424

Version 02

16. Congressional Districts Of:

*a. Applicant: All

*b. Program/Project: TBD

17. Proposed Project:

*a. Start Date: June 3, 2009

*b. End Date: February 16, 2012

18. Estimated Funding (\$):

*a. Federal	_____	\$26,170,888
*b. Applicant	_____	
*c. State	_____	
*d. Local	_____	
*e. Other	_____	
*f. Program Income	_____	
*g. TOTAL	_____	

***19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- a. This application was made available to the State under the Executive Order 12372 Process for review on _____
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E. O. 12372

***20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**

Yes No

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions

Authorized Representative:

Prefix: Mr. *First Name: Timothy

Middle Name: F.

*Last Name: Bannon

Suffix: _____

*Title: President-Executive Director

*Telephone Number: 860-571-4240

Fax Number: 860-571-4367

* Email: timothy.bannon@chfa.org

*Signature of Authorized Representative:



*Date Signed: 5/29/2009